

Bonneville Power Administration

Conservation and Renewables Discount Program

Approved Changes for FY2006

July 5, 2005

This document summarizes the changes that BPA has decided to make to the Conservation and Renewables Discount (C&RD) program for Fiscal Year 2006 and organized into two sections as follows:

Approved changes to policy issues are non-technical modifications designed to help ensure that the C&RD can achieve its intended goals and objectives. Changes approved in this section have been included in the FY 2006 C&RD program implementation manual (Oct. 1, 2005 version), which can be found at http://www.bpa.gov/Energy/N/Projects/cr_discount/.

Approved technical changes are modifications intended to ensure that the deemed measures deliver the expected energy savings and persistence of the installed measures claimed in the C&RD. Changes approved in this section will show up in C&RD reporting software and where appropriate, the C&RD technical specifications.

A. Approved Changes to Policy Issues

Based on customers' and BPA staff comments, BPA has decided to make the following policy changes to the C&RD program for FY 2006. Each of the proposed changes is summarized and BPA's final decision is listed below the proposed change in *italics*.

1. **Early Close Out of the C&RD** - Allow customers that have already satisfied their financial C&RD obligation to start the close-out and true-up review processes PRIOR to the end of the current rate period (9-30-06).

***BPA's decision:** BPA agrees that the close-out and true up- processes for customers that have satisfied their C&RD obligation, should start as soon as possible. Customers can request that BPA's start the final reconciliation process August 1, 2005. Details on this process are presented in section 13 of the FY 2006 C&RD program implementation manual.*

2. **Early Start of the Conservation Rate Credit** - Allow customers that have satisfied their 2002-2006 C&RD obligation to start activity early that would satisfy their post-2006 rate credit obligations.

BPA's decision: BPA will allow customers that have satisfied their C&RD obligation and have had their final reconciliation report approved by BPA to start activity that counts toward their FY 2007-FY 2009 Conservation Rate Credit obligation early in calendar year 2006, targeting Jan. 1, 2006. BPA will not advance FY 2007-FY 2009 conservation rate credit funding early and no additional C&RD funds are available to support the additional activity. Only qualifying activities or measures installed after the official starting date can be claimed. Additionally, the customer will be required to follow the Conservation Rate Credit early start rules, as determined by BPA and only the new credit levels will be allowed.

(Note: There is a risk to utilities if they begin before the new rates are finalized. This is similar to the risk some utilities assumed when they started their rate credit conservation activities early in 2001 before the current rate period.)

3. **Extending funding commitments past the end of the rate period** - Allow customers that have made funding commitments for industrial and commercial projects that are not completed prior to the end of the rate period to carry 2002-2006 C&RD funds into the 2007-2009 rate period.

BPA's decision: BPA has decided not to allow conservation activities completed after Sept. 30, 2006 to qualify for C&RD credits. A conservation measure or project needs to be installed and verified before the end of the rate period (Sept. 30, 2006).

4. **Renewables section** – Ocean energy (i.e., wave and tidal energy generation) should be added to table 2, “amount of the C&RD” in section 5.16 of the C&RD program implementation manual and should have a production credit of 20 mills/kWh.

BPA's decision: BPA has decided to add wave and tidal energy generation as an allowable source of renewable generation.

5. **Post-2006 conservation rate credit intent** – BPA should require all customers to notify BPA three months before the Post 2006 rate period starts of their **intent** to participate in the post-2006 conservation rate credit program. For contractual reasons, BPA would like to add language to the FY 2006 C&RD program implementation manual notifying customers of this requirement.

BPA's decision: BPA agrees with this comment and will add language to the FY 2006 (dated Oct. 1, 2005) C&RD program implementation manual requiring customer to notify BPA no later than July 1, 2006 that they intend to participate in the FY2007-09 Conservation Rate Credit program.

B. Approved technical changes

Customers and the Regional Technical Forum have proposed the following technical changes to the C&RD program for FY 2006:

1. The following **ENERGY STAR[®] deemed measures** should be revised due to the changes in federal heat pump standards, which become effective Jan. 21, 2006.
 - air source heat pumps (upgrades and conversions)
 - -ENERGY STAR[®] new homes

***BPA's decision:** At the beginning of FY 2004, BPA agreed not to change heat pump credits levels or technical specifications during the current rate period. Changes that are the result of adjustments in the federal heat pump standards will not be implemented during this rate period.*

2. The **commercial refrigerators** deemed measures should be revised due to changes in ENERGY STAR[®] baseline practice.

***BPA's decision:** BPA has decided to implement this change starting in FY 2006. See attached Excel file for deemed calculator with approved C&RD credits and estimated energy savings.*

<i>C&RD deemed calculated credits for ENERGY STAR[®] commercial refrigerators</i>
<u>EStarComFrigCalc v1_4(4-28-05).xls</u>

3. **The following ENERGY STAR[®] deemed savings calculators should be revised** so they are consistent with changes in federal standards.
 - Earth Advantage single family (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)
 - Earth Advantage multi-family (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)
 - Earth Advantage manufactured homes (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)
 - PTCS manufactured home calculator (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)
 - Residential heat pump HSPF/SEER trade-off calculator (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)
 - Residential weatherization measure calculator (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)
 - ENERGY STAR new homes calculator (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)
 - Mobile home decommissioning calculator (revise minimum specs for heat pumps and ENERGY STAR[®] appliances)

BPA's decision: *At the beginning of FY 2004, BPA agreed not to change heat pump credits levels or technical specifications during the current rate period (for the life of the C&RD program). Therefore, changes that are the result of changes in the federal heat pump standards will not be implemented in the C&RD. Likewise, changes that result from changes in the ENERGY STAR[®] specification are likely to be minor and since the rate period is almost over, such changes will be delayed until the 2007-2009 rate period.*

4. **Heat pump thermostat requirements.** The C&RD technical specification should be changed to allow utilities more flexibility in determining how to meet the specification which disallows all supplemental heat above 35°F. A microprocessor controlled thermostat with heat pump recovery should be allowed in lieu of the outdoor thermostat. A microprocessor-controlled thermostat with a heat pump recovery function should not be installed in combination with an outdoor thermostat that disallows all supplemental heat above 35°F.

BPA's decision: *BPA presented this proposed change to the RTF and the RTF recommended that BPA not adopt this change. BPA concurs with the RTF recommendation. Therefore, the C&RD program technical specification for air source heat pumps will remain as it is currently written.*

5. **Heat pump sizing requirements** in determining infiltration rates. In sizing heat pumps, it is most cost effective to assume an infiltration rate of 0.5 ACH for most homes and rely on utility inspection and/or contractors to flag the small number of very leaky or very tight homes rather than perform a blower door test on every home receiving a heat pump. It was proposed that duct system efficiencies of 80 percent should be assumed for houses not receiving duct tightening, and duct system efficiencies of 90 percent should be assumed for houses receiving duct tightening, rather than performing a duct blaster test for sizing each heat pump.

BPA's decision: *BPA presented this proposed change to the RTF and the RTF recommended that BPA adopt this change with slight modification to the proposed default duct system efficiencies. BPA concurs with the RTF recommendation. The proposed technical specification changes will be implemented starting in FY 2006. While this is a change to the heat pump specification and BPA did agree not to change such specifications for the duration of this rate period, it is a relaxing of the specifications and BPA feels that it still honors the promise that was made when the moratorium was proposed. Attached below is the new text for section 4.1-equipment selection-heating and cooling calculations for both the RTF and PTCS level heat pump specifications.*

Proposed change to heat pump sizing requirements
HPSpec_Changes.pdf

6. **Performance Tested Comfort Systems™ equivalent service providers** – On April 6, 2005 Climate Crafters decided to stop providing PTCS™ duct sealing certification services. Fortunately the state energy offices from Oregon, Washington, and Idaho have volunteered to step forward and provide PTCS™ duct sealing certification services. Currently all three states provide certification services of the ENERGY STAR® new home program. The state energy offices for Oregon, Washington and Idaho petitioned BPA and the RTF for the right to extend this service to existing homes and manufactured homes. They have agreed to meet the same standards that were required of Climate Crafters.

***BPA's decision:** The RTF has recommended and BPA has agreed to accept PTCS™ technician and PTCS™ duct system certifications from the following organizations and will list them in the FY2006 C&RD implementation manual as qualified PTCS duct sealing training and certification organizations:*

- **Oregon Department of Energy,**
 - Brady Peeks, (503) 373-7561, <mailto:r.brady.peek@state.or.us>.
- **Washington State University, Energy Program,**
 - Marla Hacklander, 509 477 6703, <mailto:hacklanderm@energy.wsu.edu>.
- **Idaho Department of Water Resources, Energy Division,**
 - Ken Eklund, (208) 287-4895, <mailto:Ken.Eklund@idwr.idaho.gov>.